



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## HOSIERY MANUFACTURE IN THE UNITED STATES

---

By C. B. CARTER,

Secretary-Treasurer, National Association of Hosiery and Underwear  
Manufacturers, Philadelphia.

---

In discussing the present conditions confronting the hosiery manufacturers of America, it will prove of value first to ascertain the growth and extent of the industry. The manufacture of hosiery in the United States is a comparatively new industry, although foreign machinery was introduced many years ago, by which a few pioneers were enabled to conduct a very profitable business in certain classes of hosiery that were not imported from abroad, and which by its peculiar manufacture, appealed particularly to the American trade. The invention of knitting machinery by American interests naturally caused an increased number of persons to engage in the business. During the past ten years especially, the increased manufacture of knitting machinery and the production of American made hosiery have made very rapid strides. To-day there are 600 hosiery manufacturers in the United States, representing a capital of \$70,000,000; employing nearly 100,000 persons and are doing in the aggregate an annual business of \$80,000,000.

Naturally the large number of persons who embarked in the hosiery manufacturing business brought about competitive conditions, which have reduced the margins of profit to a very staple basis, particularly on the class of goods manufactured only in America, and which do not come into competition with foreign made goods. To avoid this excessive competition, American knitters have gradually built or imported new and improved machinery, making a different class of goods from that which had been previously produced in this country and which were quite similar to the goods imported from abroad.

The marked difference in wages paid by American manufacturers in comparison with those paid by foreign producers neces-

sitated tariff protection; but during some periods it was not sufficient to afford adequate protection. The American knitters, previous to the adoption of the Dingley bill, were very much handicapped in this direction, but during practically the entire life of that bill they prospered until the adoption and promulgation of the German-American agreement, which went in force July 1, 1907. The direct and indirect effects of that agreement resulted in the enforced curtailment and idleness of at least fifty per cent of the capital and labor represented by the manufacturers making competitive goods with foreign manufacturers. While not fifty per cent of the United States consumption was imported, nevertheless the granting to German manufacturers of the privilege to export goods to the United States under-valued, demoralized conditions in America.

The American manufacturers soon realized their inability to compete with Germany under such adverse conditions, and steps were promptly taken, either to secure the annulment of the agreement, or else to work for such revision of tariff as might make that or any other agreement null and void. Pending the adjustment of these questions, which embraced practically two years, during which time the recent panic developed, the American hosiery manufacturing business was in a very unprofitable and demoralized condition. American manufacturers could not possibly retain their help on the wage scale prevailing and maintain their organization in competition with foreign manufacturers. This resulted in the closing of many mills and decreased production in practically all others.

In considering the necessity for higher tariff protection than that afforded by the Dingley bill, it must be realized that labor constitutes a very large proportion of the hosiery manufacturers' cost of production, both in the type of the goods, peculiar to the American production—seamless hosiery—as well as in that kind hitherto exclusively imported from abroad, and which has only recently been produced to any extent in America—full fashioned or shaped. Both classes are made upon knitting machines, but under different conditions and requiring different machinery. The seamless goods are known as cheap stockings, while the latter are more expensive. In estimating the German wages at about thirty per cent of American wages all official and unofficial reports

available, as well as a large quantity of confidential figures from a number of responsible and reliable sources have been considered. A fair comparison will show the average weekly wages paid in the German hosiery mills to be somewhat less than thirty per cent of wages paid in American hosiery mills.

It is impossible to go further into detail and compare prices paid for piecework, as the different operations in the mill are divided up and grouped together differently in Germany from this country, making a flat comparison of rates practically impossible. A large percentage of German hosiery exported to this country is the product of the so-called "cottage industry" in the villages around Chemnitz. In the "cottage industry" the manufacturer leases machines to individual operators, who work them in their homes and who are often assisted by each member of the family. The wages paid under this arrangement are incredibly low, even for Germany. There are no restrictions as to hours of labor and age of the workers. In figuring the comparative costs of production, however, the "cottage industry" feature of German hosiery manufacturing has not been taken into consideration, but the calculation has been based on the average wages paid in the factories in the Chemnitz district.

When the tariff of 1897 went into operation the hosiery industry was suffering from the baneful effects of the Wilson tariff bill. Wages were low and each and every item entering the cost of manufacturing cotton hosiery was cheap. The rates given in the tariff of 1897, notwithstanding the low wages and cheap materials, barely afforded sufficient protection to the wage earners as against the cheap labor of Germany, the principal nation engaged in the exportation of cotton hosiery.

With the constantly increasing cost of living during the past ten years in this country, labor has demanded and has received material increases in wages, so that to-day wages paid the operatives in cotton hosiery mills are fully twenty-five per cent higher than eleven years ago.

This increase in wages paid the work people, coupled with large increases in the price of materials necessary to manufacture cotton hosiery and to put it into marketable condition, has placed American hosiery manufacturers in a serious position, making it impossible for them to continue the operation of their plants under

the conditions of the Dingley act. Under it they were confronted with this proposition: Either they must receive more protection, measuring fully the differential between the cost of manufacturing abroad and the cost of manufacturing in this country, or else they must reduce wages, which are none too high when the cost of living is taken fully into consideration.

A careful census of the hosiery mills of this country showed the desperate condition of this craft; almost without exception, a week not exceeding four days prevailed, and in many cases three days a week was the true state of affairs. The serious necessities of the industry were due entirely to the low cost of labor and materials in Germany, the keenest competitor for American cotton-hosiery trade.

During the eleven years of the tariff of 1897 we find after a careful investigation that the weekly wage of the German hosiery operatives for the same class of work was in reality lowered, and that to-day they are receiving less remuneration for making fine qualities in hosiery than they did eleven years ago on the coarsest numbers.

Last summer the German manufacturers forced a strike, and after a lockout of some four weeks the work people succumbed and accepted a reduction aggregating about twenty-five per cent of the wages they had been receiving, and the result is the German manufacturers are on a lower basis of cost than ever before, thus enabling them to sell goods to this country at prices in marks and pfennigs thirty-three and one-third per cent cheaper than the lowest price quoted in the past for the same article.

There has always been more or less undervaluation, notwithstanding the best efforts of the local appraisers to prevent them, but to-day the German manufacturers, through a system of averaging their selling prices, have brought it to apparent perfection. It is a well-known fact, which every buyer who visits Chemnitz will admit if he is so disposed, that German manufacturers freely and unblushingly have offered certain quantities of merchandise worth \$1.25 at \$1.00, thus paying a duty of fifteen per cent ad valorem and fifty cents per dozen pairs specific, the duty under the Dingley tariff, whereas if sold at their real value they would pay a duty of fifteen per cent ad valorem and sixty cents per dozen pairs specific; provided certain other quantities of better goods are pur-

chased at \$1.50 and \$2.00 per dozen, the German manufacturer making sufficient profit on the quantities sold at \$1.50 and \$2.00, respectively, to average him a satisfactory profit on the whole purchase. If asked for a price on each article separately he declines, saying that he is forced to sell all in conjunction in order properly to distribute the business on the various classes of machinery he is operating; thus keeping the proper balance in his plant—certainly an ingenious explanation, to say the least. Through this operation it has been almost impossible for the local appraisers to establish and levy the duty on the actual market value, the value being so adroitly suppressed.

It is a well-known fact, common knowledge amongst reputable and honorable importers of hosiery, that many German manufacturers felt that evasion of American tariff laws was justified by the fact that it is no offense against German laws to offer unscrupulous importers merchandise the actual market value of which is \$1.15 on the following basis: \$1.00 to be paid by invoice and fifteen cents in cash, through the buyer's German agent. By this process the dishonest American buyer has an advantage over the honest importer of ten cents per dozen in the duty; the American wage-earner receives less protection than Congress intended he should have.

Much study has been given to the evasion of the tariff laws, and the only effective method to remedy it is to arrange the schedules so that the cost of cotton hosiery, duties paid and landed, in this country will be such as to make such practices uninteresting.

The cotton-hosiery industry of this country is in the hands of some five hundred separate and distinct manufacturers located in some thirty states. It is thoroughly competitive. No trusts in the craft exist and a gentleman's agreement, so called, is unknown. Competition in the hosiery industry is keen and the margins of profit small. On account of the great number of manufacturers the competition amongst them for the best help is sharp. Wages are high, and the operatives will compare with any in intelligence. The cost of equipment of an American hosiery mill is double that of a German hosiery mill.

Heretofore attention has been paid only to the low cost of manufacturing cotton hosiery in Germany, which has been the principal exporting nation of this commodity. Attention, however, should be called to the conditions of cotton hosiery manufacturing

in Japan. Within the past five years the Japanese have been rapidly erecting hosiery mills, which they have operated most successfully; up to the present time they have confined themselves chiefly to supplying the needs of their own home market and that of China and India.

The recovery from the recent panic conditions which have prevailed has been very slow, not only with manufacturers who come in competition with foreign made goods, but also among those who make the cheap hosiery which was not affected by the foreign importations. It has been difficult for many to understand this slow return of prosperity, particularly to this latter class of manufacturers, but it is generally conceded that the abnormal purchases by the large jobbing interests just prior to the panic, resulted in abnormal stocks, not only in their hands, but also among retailers. The distribution and sale of these surplus stocks required more time than the most conservative manufacturers estimated, many of whom had run their mills continuously during the depression and had accumulated large stocks for which no orders were on hand or forthcoming. In the course of time these manufacturers found it necessary to raise cash on their stocks, not only to provide for operating expenses for the future but frequently to reduce indebtedness to their banks. In going out on the market to sell the goods, buyers were few and prices were repeatedly cut before sales were effected.

The jobbers who were gradually coming into the market for goods realized the existing conditions and by shopping around and "bearing" the market they were enabled to purchase their requirements not only much under the market price but frequently below the cost of manufacture. Jobbers not actually in need of goods feared to place their orders, thinking that prices would be cut even further and thus place the hosiery manufacturer in a most unenviable position. Fortunately the yarn market showed an upward movement and manufacturers who had not covered their reasonable requirements were compelled to increase their prices to cover the increased cost of raw material. The jobbers soon realized this upward tendency and showed a more willing spirit to contract for their present and future requirements, and prosperous conditions as a result began to materialize. The tariff agitation and the likelihood that the old Dingley rates would be increased in the

new Payne bill was another incentive for activity among the buyers, resulting in an increased operation among the mills.

After the Payne bill, which gave the hosiery manufacturers the additional protection desired, became a law, it was supposed by some that the hosiery manufacturing business would realize a marked impetus, but such has not been the case, for the reason that the importers fearing the increased duties in the Payne bill, had been exceedingly busy getting in goods from abroad under the old prices and protection. The accumulated importations of the better class of goods were enormous and it will yet require many months to relieve the market of this surplus, pending which time the American hosiery manufacturers must curtail to a great extent their aggregate production.

Naturally, it may be asked, now that additional tariff protection has been afforded the American manufacturer, will he be able to do an export business? It can be said definitely that the exportation of American-made hosiery is both impracticable and unprofitable in view of the fact that Germany is seeking other outlets for its production and Japan is striving for recognition as a textile manufacturing nation. The low wage scale prevailing in Germany is large in comparison to that which prevails in Japan, and America has much to fear from that nation even under the additional protection afforded in the Payne bill.

The outlook for the American hosiery manufacturer is bright, provided the present Payne rates prevail, but the agitation of the tariff question, whether referring particularly to the hosiery industry or otherwise would unquestionably prove disastrous and might bring about the conditions which have prevailed during the last two years. Even with the protection afforded by the Payne bill, the American manufacturers are only placed on a competitive basis with Germany. There is no opportunity whatsoever for the manufacturers to increase prices yielding them unusual profits. Owing to the large number of concerns manufacturing knitting machinery, its cheap cost, facilities for installation, quickness of operatives to learn the technical processes and the small amount of capital required to operate the business, a so-called hosiery trust is an impossibility. The diversity of goods manufactured is such as to make uniform prices impossible. The raw material also constitutes a large part of hosiery values, and under the fluctuating conditions



that have always prevailed, it is generally and correctly considered, that even communitive interests, as existing in other industries are impossible; consequently each manufacturer must stand on his own feet. Upon the knowledge of the business depends his success. In the business of manufacturing hosiery, it is a case of "the survival of the fittest."